

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By **CHAIRMAN MARK NOENNIG**, on March 13, 2001 at 3:00 P.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Mark Noennig, Chairman (R)
Rep. Jeff Mangan, Vice Chairman (D)
Rep. Joan Andersen (R)
Rep. Eileen Carney (D)
Rep. Larry Cyr (D)
Rep. John Esp (R)
Rep. Dennis Himmelberger (R)
Rep. Hal Jacobson (D)
Rep. Rick Laible (R)
Rep. Jesse Laslovich (D)
Rep. Bob Lawson (R)
Rep. Brad Newman (D)
Rep. Ken Peterson (R)
Rep. William Price (R)
Rep. James Whitaker (R)
Rep. Cindy Younkin (R)

Members Excused: Rep. Rod Bitney, Vice Chairman (R)

Members Absent: Rep. Michelle Lee (D)

Staff Present: Eddye McClure, Legislative Branch
Pati O'Reilly, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 265, SB 190, SB 427, SB 187, 3/16/2001
Executive Action: SB 190, SB 144, SB 427, SB 265, SB 187

HEARING ON SB 265**Sponsor:** Senator Don Hargrove, SD 16**Proponents:** John Vincent, Gallatin Cty Commissioner
Jane Jelinski, MACO
Bill Kennedy, Yellowstone Cty Commissioner
Glenda Noyes, Bozeman, MT Citizen
Mona Jamison, Gallatin County**Opponents:** None

Opening Statement by Sponsor: Senator Hargrove, SD 16, this bill is an offspring of SB 184 from last session. SB 184 did a whole bunch of things, such as provided residential property tax relief, added money to K through 12 education, and addressed the fact that our tax system is very complicated. That is the reason for this bill. I believe the unintended results was that local government entities must levy their maximum amount of their mills or they lose their ability to use it and it becomes a base and that is it. You are finished and we get into a use it or lose it situation, which is kind of what people think about government and it happens all of the time. People think the government runs around and spends a bunch of money so they would be able to get their entire budget next time. This bill gives local governments the ability to be realistic and not to be penalized for conservative budgeting and exercising good management. It allows the local governments to use less mills and go back to the maximum authorized if the need arises. The Toole County Commissioners sent us a letter that says "this bill allows us to be better stewards of public funds." We have some folks from MACO and various county commissioners to testify on this bill. {Tape : 1; Side : A; Approx. Time Counter : 0 - 2.5}

Proponents' Testimony: John Vincent representing the Gallatin County Commissioners. The Gallatin County Commissioners strongly back SB 265 and extends a hearty thank you to **Sen. Hargrove**. SB 265 would give those of us at the local government level the ability to impose the minimum mill levy necessary to pay for needed services rather than be forced by state law to impose the maximum levy allowed in order to preserve the maximum levy level if actually needed in the future. In short, current law puts us in a use it or lose it position, that literally forces us to impose the maximum levy allowed under the law, even when the maximum levy is unnecessary and therefore unwarranted. This is not, in my opinion, good tax policy because: #1. It forces taxpayers to pay taxes when they don't need to and should not have to. #2. It puts us in local government in the position of having to use the maximum mill levy.

Over time a policy like this can only undermine the credibility of government. The Gallatin County Commission has given SB 265 it unanimous bi-partisan backing and we ask you today to give it your support. Our fiscal officer was unable to attend today, but the last time he testified on this bill in the Senate he gave two working examples of how this actually affects real tax payers. I thought it would be worthwhile to give you those examples. The Conservation District has saved money from vacancy savings and short term decreases in operating expenses for fiscal year 2000. The current law required the District to levy the maximum allowed in fiscal year 2001, even though the maximum was not needed. The trustees knew that in fiscal year 2002 they would need the maximum mills, but in 2001 approximately ten thousand dollars had to be assessed in unnecessary taxation simply to preserve the ability to utilize the maximum in 2002. In short tax payers in the District paid ten thousand more dollars than was needed. Another example is: A fire district that we have, had a cash carryover from fighting fires and some new construction; it must maintain its maximum mill levy or lose the ability to fund the expenses in future years. It would have done that, had it not been necessary to maintain the maximum mill levy in order to guarantee they could use it on down the road. I think that **Sen. Hargrove**, has explained this bill very well. It is simple and straight forward and I encourage your careful consideration. **{Tape : 1; Side : A; Approx. Time Counter : 2.5 - 7}**

Jane Jelinski, Montana Association of Counties, we support the bill for the reasons already stated. **{Tape : 1; Side : A; Approx. Time Counter : 7 - 8}**

Bill Kennedy, Yellowstone County Commissioner, as we talked to our legislators last year, one of the areas that we talked about was the cap on mills. In our conversation, we wanted to see something that would not make us levy to the top of the cap every year. We needed some fluctuation, this bill does that. **{Tape : 1; Side : A; Approx. Time Counter : 8 - 8.6}**

Glenda Noyes, Gallatin County Citizen, I was present at the commissioner meeting in 1999 and they were deciding whether to use the maximum mills for the 2000 budget and recognized that they were worried about the future instead of the taxpayers. I think this bill would solve that problem. **{Tape : 1; Side : A; Approx. Time Counter : 8.6 - 10.5}**

Mona Jamison, Gallatin County Commissioners. We stand in strong support of this bill. I want to make a couple of comments about this bill. A matter of public policy it makes no sense that if a county wants to spend less, they should be able to levy the amount they need. This bill allows local governments to propose the mills

they need to operate and they should be able to do that. Section one it allows the county to propose less than the maximum mills levy and on page two, lines 3 through 5, they can do this responsible act without an election. They do not really need the vote of the people to spend less. {Tape : 1; Side : A; Approx. Time Counter : 10.5 - 13.2}

Opponents' Testimony: None

Questions from Committee Members and Responses: Rep. Laible asks sponsor: Looking at page 3, line 6 through 9, I want to make sure I understand this. I can almost read this two different ways, if they assess fewer mills this year, next year can they bank those and make those in addition to the cap? Sen. Hargrove: No. {Tape : 1; Side : A; Approx. Time Counter : 13.2 - 15}

Closing by Sponsor: Sen. Hargrove closed. Rep. Vick will carry on the house floor.

HEARING ON SB 190

Sponsor: Senator Royal Johnson, SD 5

Proponents: Bill Kennedy, Yellowstone County Commissioner
Jane Jelinski, MACO
Stan Kaleczyc, MMIA

Opponents: None

Opening Statement by Sponsor: Senator Johnson introduced SB 190. SB 190 is a bill to place on the ballot a constitutional amendment. This is to benefit a couple of organizations, Montana Schools Group and the MT Municipal Insurance Authority. These two groups are organized through Montana inter-local cooperation agreements to provide group self-insurance to its members. The MSGIA provides workers compensation to 250 participating school districts and the MMIA provides both workers compensation and general liability and property coverage to 117 cities and towns. Both of these groups are here to testify. These programs have saved its members hundreds of thousands of dollars since their creations. Savings which benefitted Montana taxpayers in those communities. Each program is operated in the fiscally conservative manner and a responsible manner. Each program has its own actuary and professional investment managers. However because they are organized under the inter-local cooperative act, each organization has the same powers and limitations as the individual school districts, cities and towns, which make up each group. As a result neither group can not invest any portion of their insurance revenues, but are limited to investing their capital in insured securities. Montana

Constitution says they are limited unless authorized by constitution. SB 190 if adopted would authorize this proposition to be placed on the ballot to amend the constitution to broaden the range of their investments. Two years ago the legislature passed SB 23, which authorized putting on the ballot a proposal to permit state workers compensation fund to invest 25% of its reserve in equities. C-34 passed by fifty two percent of the voters last election. SB 190 is patterned after this bill to apply to self-insured programs. These people are in a competitive situation to keep their assets growing at a rate that will allow them to do the things they need to do for they beneficiaries. **{Tape : 1; Side : A; Approx. Time Counter : 15 - 19.1}**

Proponents' Testimony: Stan Kaleczyc, representing MT Municipal Insurance Authority, which has been in business since 1985 providing group self-insurance to the cities and towns, both for workers compensation and liability coverage. During that time each year an actuary, retained by MMIA, determines the rates to be charged to the participating members. The actuarially determined rates take into consideration the losses, prospective losses, the prospective income from premiums paid by the cities and towns and also defines the returns that are going to be made by premiums paid by the cities and towns. It also predicts the funds that going to be earned on the reserves, it operates like a private insurance company. The MMIA has had to build up reserves, because even though a worker is injured in a given year, there might be an incident which creates liability under a general liability clause. That payout can occur over a number of years. The reserves have been conservatively invested. This program allows the cities to manage their own money with an insurance program. Allowing us to diversify through reserves, it will bring more money into the program, which means that fewer tax dollars, in any given year, have to be paid in premiums into the groups self-insured pool. It is a win-win situation for cities and towns, it's a win-win situation for the taxpayers of the state. Please support the bill. **{Tape : 1; Side : A; Approx. Time Counter : 19.1 - 21.1}**

Howard Bailey, Administrator of the self-insured school groups. My program is the same as the previous program except for the clientele. Theirs is cities and towns and ours is school districts. Our program was established in 1989 and at this time we represent 250 school districts and \$503 million dollars in payroll, and include 34,000 school district employees. **{Tape : 1; Side : A; Approx. Time Counter : 21.1 - 24}**

Steve Fenter, Billings, Investment Advisor, Billings, MT, I think that the tax savings of this bill have been adequately addressed. What I am here to talk about are two elements that pertain to the investments. The return risk, the reason that this is being done

is to increase return. The need for return for these people is very great. They are an insurance company the same as Prudential, Safeco or Travelers. These are their competitors and they need to be diversified, if you think of an insurance company, it is really a large pool of money and that is all the assets they have and they will invest in bonds, stock, land, paintings, minerals, or whatever they can invest in, that will hold the value. They are investing today for the problems that will arise thirty years from now. All the things that they will be insuring against and that is the same thing with these people. They are investing their money for doctors costs, workers compensation problems that could develop in years to come. That is part of the actuary program and their reserve that they use. Another element of risk that is very important that is hard to discern and that is when you are in a single area of investment. Because of the current limitations as to bonds these people are subject to variances of the bond market. The returns are good when it is bad, then their returns will be bad. Mr. Chairman, if I may I would like to pass out a chart. The second element that we talk about is risk. What I have done with this chart is try to show you a little bit about risk that is a combination of stocks and bonds. I have confused the issue a little because the person I had working with me on this drawing lines, was also trying to keep one eye on the Iowa-Indiana game. That person is here to try to rectify his mistake. The chart that you are looking at here does two things. It is a fifty year chart which includes statistics from one half of a century. Two the numbers that are in the bars on the left that are blue and red, are also the numbers that are over on the right hand side. It is the same thing shown twice. The line that I have shown through the bottom is to show the mix we are talking about, if you look in the middle of the page there are some blue writings. That is under the heading portfolio mix. That talks about the combination of stocks and bonds, we are talking about the return of their combinations of stocks and bonds over a fifty year period. Go down to the line that I have drawn to, that is when you have a twenty percent stock participation and ninety percent bond participation, assuming cash being the same as bonds. If you then look to the right, where I circled you will see that average return for that fifty year period is 7.8 percent. Look at the bottom, you will see that all bonds are a 6.1 percent rate of return. I think that it astounds some people that over a period of time, those returns are that close together. In fact if you go to the top and look at what it is if you invest more in stocks, it is not that much greater. The primary consideration in investing is that there are two things that will mitigate risk. Diversification is part of it but time is the major part of it. I feel real good that I am standing here on the day that the market just made the headlines. The papers all across the State say the Dow Jones is down 436 points and I think it is a good time to reflect on risk, but it is also a good time to reflect on how short term that can be. If we are talking about a

two and one half percent increase over a fifty year time span, that may not sound like a great deal of money, but I will tell you that in a dollar game where you have a million dollar portfolio, that is a tremendous amount of money compounded. This amount of money would be very important to these people as far as reserves go. Their reserves then speak directly to what tax payers would have to pay and it would be a tremendous savings for the State. I urge the passage of this bill. **EXHIBIT(loh57a01) {Tape : 1; Side : A; Approx. Time Counter : 23 - 29.1}**

Jani McCall, City of Billings. We are strongly in support of this bill and those who have spoken before me have explained the technical part of it and I just want to share briefly that Billings has experienced some tremendous costs for self-insured programs. Just in this past fiscal year, the costs were over one half a million dollars. A bill like this would help the city of Billings. **{Tape : 1; Side : A; Approx. Time Counter : 29.1 - 30}**

Opponents' Testimony: None

Questions from Committee Members and Responses: **Rep. Price** asks **Mr. Kaleczyc** - you call these insurance products, the state fund has insurance product and has oversight from the fiscal auditors, who would oversee this program. **Kaleczyc**-In the case of the MMIA program the overseers are thirteen elected and appointed city and town officials who comprise the Board of Directors of the MMIA. They are selected by cities across the state and they operate the program. They also retain an actuary each year who helps to set the rate and takes into consideration things like return on the investments. They also have an independent certified public accountant who annually reviews each of those programs and produces a report for the Board. The same would be true for the MSGA, they have both an actuary and a CPA. They are governed likewise by an elected board of trustees and employees of various school districts participate in that program. **Rep. Price**, then there is no state fiscal oversight for these programs? **Mr. Kaleczyc**, by State oversight, I am not sure what you mean, like the legislative auditor? **Rep. Price** -Dept. Of Revenue, legislative auditors, etc. **Mr. Kaleczyc**, No they would not be involved in the oversight of these programs, like cities operate with the same powers and responsibilities as the city government has and the reports by the independent certified public accountants report is made available to all participants and they are all public records.

Rep. Esp to **Mr. Fenter** - Can you explain what the red parts are of that chart? **Mr. Fenter** - The red marks are the worst case scenario during down periods, so if you look at the middle part where it is blue it says the portfolio mix is maybe a thirty percent stock and seventy or sixty percent bonds and ten percent cash. Go back to

that left side the red line is the one that says that was the worst return for any one year in that fifty year period, the blue line is the best years return for that fifty year period. The grey line then is the average over fifty years and that number corresponds to the one I have circled.

Rep. Esp to **Howard Bailey** - Is your school group what you call a self-insured group? **Mr. Bailey** - yes, it is. It is referred to as a self-funded group which acts as an insurance company. **Rep. Esp**- Mr. Bailey are these the same groups that are having large premiums in counties, etc? **Mr. Bailey**, No we have not had large increases and they will remain the same as they were last year and that is part of the three million eight hundred dollars I referred to before that is your savings since 1989. **Mr. Esp**: How is your plan different from the ones that MACO said they are having problems with rates increases? **Mr. Bailey**: I don't know that I can respond to that.

Rep. Peterson: **Mr. Kaleczyc**: I am curious as to the type of management we are talking about here, can you respond how twenty five percent of the fund is going to be used? **Mr. Kaleczyc**: The MMIA programs, they would have a liability program of approximately eighteen to twenty million dollars in their reserve accounts. Now a portion of those reserves are already there to pay off future claims, we are talking about that magnitude of money. In the workers compensation program there is approximately eleven million dollars that they currently have in long term investments and there are other monies they have invested with those tied to a bond issue from a number of years ago. The bond companies would control those particular investments. The amount they could invest is that twenty five percent, there is nothing in the legislation that says they would have to invest the maximum amount in any one year. Prudently, they would have to build up to that kind of investment. **Rep. Peterson** - who would make the decision as to how this money was invested. **Mr. Kaleczyc**: That decision would be under the general authority of the board of directors of both groups. They have retained professional investment advisors to assist them in making the decisions.

Rep. Esp: **Mr. Fenter**, Explain the chart. **Mr. Fenter**- there is an endeavor to show how much you have beaten inflation, the great enemy on investing is the inflation factor and this is particularly true if all you can buy is bonds. If you are getting a six per cent return and the inflation rate is seven per cent you are making money but you going backwards. In fact in the late 80s we had interest rates in this country in the fifteen percent range but inflation was seventeen percent, in some cases we were losing.

Rep. Lawson - Mr. Bailey - review for me the total scope of the types of insurance offered. **Mr. Bailey** - workers compensation coverage mandated by state statute. **Rep. Lawson** - do you offer other programs to the schools? **Mr. Bailey** - yes sir. **Rep. Lawson** - can you explain those programs? **Mr. Bailey** - they also have the MSGA unemployment insurance program, which has been in existence since 1995 and that is a much smaller program, about one million dollars in contributions each year and we also have a health insurance that we provide to schools. The investment rules are all the same at this time. You can only invest in what schools are allowed by law to invest in.

Rep. Peterson - Sen. Johnson, is the intent of this to apply to any type of local government funds that may be, if the constitution amendment passes, apply to any local government insurance funds, if the county has one, like the MACO, schools, cities and towns, all of those? **Sen. Johnson**, Yes sir. **Rep. Peterson** - but it just applies to self-insurance programs? **Sen. Johnson** - Yes. Notice on the second page it states what the wording would be on the ballot.

Rep. Noennig: Apparently these insurance programs for schools fall under the phrase local government self-insurance programs? This just relates to local-government group insurance programs. Is there a statutory definition for that and how do we know what does and what does not fall in this definition?

Sen. Johnson: Defers to **Mr. Fenter**: School districts, like cities and counties, are governmental entities under Montana statute and therefore they fall within that general definition of local government self-insurance programs. Schools, like the cities, have to establish inter local agreements to achieve their programs. Under various existing statutes, there is the inter local cooperation act, the statute that allows creation of workers compensation programs, the cities are separate statutes.

Rep. Noennig to Sen. Johnson, Is there just one bill that can cover all the problems, including the bill you carried last year? **Sen. Johnson**, No, the only way we can get it passed is by going to the voters.

Rep. Peterson: Can you give the statute that defines schools as local government entities? **Mr. Kaleczyc**: Off the top of my head I can not. I can look that up and get back to you. {Tape : 1; Side : B; Approx. Time Counter : 0 - 21.5}

Closing by Sponsor: Sen Johnson, Thank you for the good hearing. This morning Rep. Price came before our finance committee, we had a bill that he let me carry in the Senate and it passed 50 to 0.

This morning I told **Rep. Price** that we were having a hearing, Carroll South said I have heard more questions on that bill than I have heard from anybody or any bill. This bill reminds me of it. This bill allows the voters to vote on this issue. Rep. Lawson will carry on the house floor. **{Tape : 1; Side : B; Approx. Time Counter : 21.5 - 27.6}**

HEARING ON SB 427

Sponsor: Senator Royal Johnson, SD 5

Proponents: Bill Kennedy, Yellowstone County Commissioner
Jane Jelinski, MACO

Opponents: None

Opening Statement by Sponsor: Senator Johnson, introduced SB 427. This is a opportunity for you, as participants in local government to give county government an opportunity to take care of some of the problems that are prevalent in a lot of counties. This particular bill is a result of the conversation we have had dealing with Stillwater County. We are trying is to allow the county to issue limited general obligation bonds. If the counties wanted to build a road, they wanted to buy equipment to insure that the roads were all being taken care of, they could sell a general obligation bond that was secured by that area, not the incorporated cities specifically. This bill will take the cities out of it. Why would they do that, you take a bond issue for the county, vote on and passed by the residents of the city, how does it affect those living in the city, maybe if I go pheasant hunting or do something in the rural area, but otherwise it is pretty much for their situation. It also has to do with equipment. The small counties have a difficult time just buying a motor grader, this bill would allow them to bond the motor grader and pay it off over a series of years. What this does, is gives those people an opportunity to do the things they can't do without having a chunk of money all at once. This way they do not have to use a lease agreement to get equipment. Lease agreements are very expensive. General obligation bonds in areas that are productive are as safe a bond as you are going to find. In Montana we have never had a general obligation bond failure, we have some SID bonds be slow in paying off. **{Tape : 1; Side : B; Approx. Time Counter : 27.6 - 30}{Tape : 2; Side : A; Approx. Time Counter : 0 - 3.2}**

Proponents' Testimony: Jane Jelinski, MACO. This is an important bill, under current law the only way a county can pass a bond to improve or maintain the county roads is to create a Rural Improvement Dist. This district is county wide and includes the

voters in the cities. If you live in an incorporated city you pay city taxes for your roads and if you live outside of the city you pay towards the county road mill levy. There are two separate taxing jurisdictions. In order for a county to pass a bond under current law for a maintenance project, the bond has to be voted on and paid by the people in the city. Under the current scenario it is difficult, or next to impossible, to pass one of the county bonds. **{Tape : 2; Side : A; Approx. Time Counter : 3.2 - 5}**

Bill Kennedy, Yellowstone County Commissioner. My county supports this bill as it allows us another avenue to support county road issues. **{Tape : 2; Side : A; Approx. Time Counter : 5 - 7.4}**

Opponents' Testimony: None

Questions from Committee Members and Responses:

Rep. Esp asks **Sen. Johnson**: **Rep. Esp** - Is this bill in conflict with any other bills dealing with county funding like HB 124? **Sen. Johnson**: All bonding has to be under the ceiling cap. This bill is regulated by the same formula as current bonding. It does not conflict with HB 124. **Rep. Esp**: Are you familiar with the allowable amount? **Sen. Johnson**: 68 percent sticks in my mind, but please don't hold me to that figure. **Rep. Esp**: I was wondering if this amount is different from the current law or is it a larger percentage? **Sen. Johnson**: All sections of law apply to this bill. **Rep. Esp**: Lines 27 and 28 seem to exclude these bonds. Eddie McClure answers-she does not see that this affects this bill.

Rep. Peterson to **Sen. Johnson**: **Peterson**: I just want to be clear, these are limited general obligation bonds because they can only be approved in various counties. They have to be authorized like a general obligation bond. **Johnson**: I believe that authorization is in Line 24, Section 4 of the bill. It has to be voted by the people who will pay the bonds. This is for a particular section or area of a county. **Peterson**: This can apply to a certain area of the county, is that true? **Johnson**: Yes, it could also be a general county obligation if they bought a piece of equipment that was used throughout the county.

Rep. Price to **Sen. Johnson**: Tell me the difference between an RID does and what this bill will do. **Sen. Johnson**: These bonds constitute a general obligation for an area. These bonds will sell a lesser price because it is a obligation for that particular area. RID is also an obligation of a specific area, but they are usually more costly bond.

Rep. Esp to **Sen. Johnson**: **Esp**: The other bills we have dealt with have a statutory limitation in the bill, like 50% of the assessed value. Would you have any objections to having a set rate in this bill. **Sen. Johnson**: I am not sure I can answer that, I think it is 68%, as that is what sticks in my mind. The 60% you are talking about is of the entire county area except for the municipalities. There is 2 different things when you address a county bond. One, the responsibility can encumber the entire population of the county; Two, this bill does not encumber those particular areas that are not included in the bond area.

Rep. Peterson to **Sen. Johnson**: **Peterson**: I am still confused, on Page 2 starting at line 3 it says "bonds issued under this section are legal and valid obligations of the county and the full faith and credit of the county must be irrevocably pledged to the prompt payment of the principal of the bonds and the interest of the bonds when they become due." That would make general obligation bonds better than RSID or others. If full faith and credit of the county is pledged to these, is this not the full taxing power of the county. **Johnson**: I was wrong, you are right, the full county other than the municipalities are responsible for even the parceled out areas.

Rep. Noennig to **Sen. Johnson**: **Noennig**: It is the county less the area of incorporated cities and towns that is responsible for the repayment of these bonds, subject to the taxes. Do I have that right? **Sen. Johnson**: Yes. **Rep. Noennig**: that is incorporated, so the rest of the county is responsible and the tax is levied against those areas that are not incorporated cities and towns. **Sen. Johnson**: Yes, remember part of this bill allows the county to buy equipment and that is one of the reasons for the tax structure. *{Tape : 2; Side : A; Approx. Time Counter : 7.4 - 21.7}*

Closing by Sponsor: **Sen. Johnson** closed SB 427. I think everyone understands this bill. **Rep. Price** will carry on the house floor.

HEARING ON SB 187

Sponsor: **Senator John Cobb, SD 25**

Proponents: Jane Jelinski, MACO
John Shontz, MT Newspaper Assn.
Rep. Jeff Mangan

Opponents: None

Opening Statement by Sponsor: **Sen. John Cobb** explained the SB 187. This bill basically requires the public health to publish rules

hearings twice. This bill make the various notice provisions uniform. Each one is different at this time and this will make all the same. Page 4, line 28, if it concerns less than 500 people you can just post the notice and not deal with the media. This bill brings 64 statutes to a uniform notice rule. **{Tape : 2; Side : A; Approx. Time Counter : 21.7 - 24.7}**

Proponents' Testimony: Jane Jelinski, MACO. MACO has wanted a bill like this for many years and it makes it so much easier to have one set of rules. **{Tape : 2; Side : A; Approx. Time Counter : 24.7 - 27.3}**

John Shontz, MT Newspaper Association. This law will simplify the notice process and lessen the margin of error. Many times these notice variations have caused non-compliance and then it results in lawsuits. **{Tape : 2; Side : A; Approx. Time Counter : 27.3 - 28.3}**

Rep. Mangan, I want to go on record as being in support of this bill. **{Tape : 2; Side : A; Approx. Time Counter : 28.3 - 29}**

Opponents' Testimony: None

Questions from Committee Members and Responses: **Rep. Peterson** asks **Mr. Shontz**. Are you convinced that two times publication is sufficient to comply with the process requirements? **Mr. Shontz:** I think that twice is okay. I did not participate in the discussion that generated this bill. This should be satisfactory for local governments. **Rep. Peterson:** Civil procedures require three publications. My question is are the rules of procedure being complied with? **Mr. Shontz**, Yes, I think it is okay for two notices. **{Tape : 2; Side : A; Approx. Time Counter : 29 - 30}**

Closing by Sponsor: **Sen. Cobb**, most of the previous requirements are two weeks, but some say consecutive, not more than sixteen days prior, two successive weeks, etc, making the present requirements hard to comply with and understand. **Rep. Mangan** to carry on the house floor. **{Tape : 2; Side : B; Approx. Time Counter : 0 - 0.5}**

EXECUTIVE ACTION ON SB 190

Motion: **REP. LAWSON** moved that **SB 190 BE CONCURRED IN.**

Discussion: **Rep. Esp:** I am little excited about who picks up the pieces if something goes wrong. **Rep. Peterson:** I think the local governments are just as capable of overseeing their investments. I don't know that the State would do any better. I don't think they would. When I was city attorney, we were paying close to one-half million dollars for insurance premiums in Billings. I suggested

they join the self-insured fund and it has continued to grow. They have done a wonderful job and I don't see that the State has any business or need for oversight for these local governments who set up these funds. They did not have to set up the funds and they could have continued to buy insurance which was not beneficial to the taxpayer. **Rep. Newman:** I hesitate to agree with Rep. Peterson because it would probably doom this bill, but our county is a member of MMIA and in fact one of our county officials is on this thirteen member board that oversees MMIA. Local officials understand what their duties are, what their obligations to the taxpayers are and we have been getting a refund for a portion of our premium each year for several years. The MMIA members pick up the tab if they don't do their job, they are all willing participants and are not forced to be a part of this program, if it goes awry the members pick up the tab and they understand that going in. *{Tape : 2; Side : B; Approx. Time Counter : 0.5 - 5.4}*

Motion/Vote: REP. LAWSON moved that SB 190 BE CONCURRED IN. Motion carried 15-1 with Esp voting no. Liabe and Bitney excused and not voting. Rep. Lawson to carry on house floor. *{Tape : 2; Side : B; Approx. Time Counter : 5.4 - 6.2}*

EXECUTIVE ACTION ON SB 144

Motion/Vote: REP. CARNEY moved that SB 144 BE CONCURRED IN. Motion carried 16-0. Bitney and Liabe excused and not voting. Rep. Carney to carry on house floor. **EXHIBIT**(loh57a02)

Discussion: Rep. Noennig addresses the question about page 9, lines 10 through 12. I have a letter from Judy Painter, DOR and I will read it to you. I am not sure I understand what it says but I feel obligated to read it to you. Letter attached as Exhibit 2. *{Tape : 2; Side : B; Approx. Time Counter : 6.2 - 9.5}*

EXECUTIVE ACTION ON SB 427

Motion: REP. PETERSON moved that SB 427 BE CONCURRED IN.

Substitute Motion/Vote: REP. ESP made a substitute motion executive action on SB 427 be postponed until March 20. Substitute motion carried 16-0. Bitney and Liabe excused and not voting. *{Tape : 2; Side : B; Approx. Time Counter : 9.5 - 16.0}*

EXECUTIVE ACTION ON SB 265

Motion/Vote: REP. LAWSON moved that SB 265 BE CONCURRED IN. Motion carried 17-0. Bitney excused and not voting. Rep. Vick to carry on house floor. *{Tape : 2; Side : B; Approx. Time Counter : 14 - 17}*

EXECUTIVE ACTION ON SB 187

Motion/Vote: REP. MANGAN moved that SB 187 BE CONCURRED IN. Motion carried 17-0. Rep. Bitney excused and not voting. Rep. Mangan to carry on house floor. *{Tape : 2; Side : B; Approx. Time Counter : 17 - 18.9}*

ADJOURNMENT

Adjournment: 6:21 P.M.

REP. MARK NOENNIG, Chairman

PATI O'REILLY, Secretary

MN/PO

EXHIBIT (loh57aad)